Southern Environmental Law Center

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April 1, 2021

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, SC 29210

Re: Southern Alliance for Clean Energy and South Carolina Coastal Conservation League Comments on Dominion Energy South Carolina, Incorporated's Annual Update on Demand Side Management Programs and Petition to Update Rider

The Southern Alliance for Clean Energy ("SACE") and South Carolina Coastal Conservation League ("CCL") appreciate the opportunity to provide comments to the Public Service Commission ("Commission") on Dominion Energy South Carolina, Inc.'s ("DESC" or "the Company") Annual Update on Demand Side Management Programs and Petition to Update Rider. In particular, these comments will: (1) discuss several significant developments regarding DESC's demand side management and energy efficiency ("DSM/EE") portfolio that have resulted from the ongoing 2020 DESC Integrated Resource Plan ("IRP") proceeding in Docket No. 2019-226-E; and (2) provide recommendations to the Commission regarding its review of the Company's DSM/EE portfolio.

Developments in the 2020 IRP Proceeding Regarding DSM/EE

The ongoing 2020 DESC IRP proceeding has resulted in several major developments regarding DESC's EE portfolio. In particular, in Commission Order No. 2020-83, the Commission found that DESC's 2019 Market Potential Study ("2019 MPS")—which the Company relied upon in developing its current portfolio—did not evaluate the cost-effectiveness or achievability of the high DSM case, and that it was unreasonable for DESC to rely on that study in dismissing the high DSM case as "not cost effective and likely not achievable" in its IRP. Order No. 2020-83 at 19. Accordingly, DESC was ordered to work with the DSM Advisory Group ("Advisory Group") to conduct a rapid assessment of the cost-effectiveness and achievability of ramping up its current

DSM portfolio, such as by expanding programs or increasing spending, to achieve at least a 1% level of savings in the years 2022, 2023, and 2024, and to include this analysis in its Modified 2020 IRP. *Id.* The Commission also ordered that DESC include in its Modified 2020 IRP action steps it will take to complete a comprehensive DSM evaluation of the cost-effectiveness and achievability of DSM portfolios reaching 1% and higher savings, including savings levels of 1.25%, 1.5%, 1.75% and 2%, and work with the Advisory Group to develop and characterize these levels of DSM savings. *Id.* at 19-20.

DESC conducted a limited "rapid assessment" by considering only a few of the possible ways that savings could be increased, and found that several of the modifications to its current programs that it reviewed would reach 1% savings and would be cost-effective, feasible, and achievable. Now, in DESC's Modified 2020 IRP, the Company has stated that its high DSM case of 1% savings "presents the most likely future conditions under which the plans will have to function." DESC Modified 2020 IRP at 53.

Recommendations to the Commission

DESC's acknowledgment that 1% savings levels are cost effective and achievable in its territory is a significant change in circumstances from those presented to the Commission in Docket No. 2019-239-E, where the Commission approved DESC's request to expand its DSM/EE portfolio. At that time, intervenors advocated for DESC to reach a 1% savings target, but DESC explicitly argued that it could not meet that level of savings because it was not supported by the 2019 MPS. The Commission agreed, finding that there was not data to show that "a suite of programs targeted to meet a 1% goal in DESC's service territory and under current DSM market conditions would be cost-effective as S.C. Code Ann. § 58-37-20 requires." Order No. 2019-880 at 16. The Commission also permitted DESC to maintain its DSM/EE portfolio for five years without the opportunity for parties to request a review of the suite of programs. *Id.* at 29.

We think the developments from the 2020 IRP warrant the Commission revisiting its earlier finding that DESC not be required to update its portfolio for a period of five years. Contrary to the Company's argument in the 2019 docket, the clear evidence provided by the DESC's own rapid assessment indicated that a 1% savings goal would, in fact, be cost-effective, feasible, and achievable in DESC's territory. If additional savings are available, and may ultimately lead to lower customer bills, DESC should pursue those savings. *Accordingly, we request that the Commission reconsider its prior finding in Order No. 2019-880 related to that five-year "hold" and require DESC to increase its proposed EE savings in the near term.*

Further, while we appreciate that DESC's rapid assessment showed 1% savings were achievable, the "rapid assessment" approach that DESC took was necessarily limited in scope. First, DESC looked primarily at a single illustrative example provided in the late-filed exhibit from Dr. David Hill. Dr. Hill explicitly indicated that his example was designed to prove that a higher level of energy savings is possible, rather than pre-judging the question of how to strategically invest ratepayer dollars in energy efficiency programs and create long-lasting cost savings.[1] DESC also approached the program expansion opportunities identified by Dr. Hill as binary pass/fail recommendations without looking at incremental opportunities for those programs it found were not achievable at the levels suggested, and did not consider whether there may be savings beyond 1% that DESC could achieve in the near term.

Both DESC and the Commission are already taking a new direction with respect to DESC's DSM portfolio. Given the Commission's order in the IRP proceeding and in recognition of the ongoing work of both DESC and stakeholders, it cannot be the "most reasonable and prudent plan" to prohibit review of DESC's EE portfolio for five years. The stakeholders in the EE Advisory Group are in place to begin considering a more detailed pathway towards 1% and higher annual savings. *As a result, and as a first step on this improved EE pathway, we recommend that the Commission order that DESC, by its next EE Rider filing, file stakeholder-informed modifications needed for the portfolio to achieve the 1% (or higher) savings*. We also note that DESC will be undertaking a new DSM potential study this year, which could inform its modified program portfolio in next year's rider filing.

Respectfully,

/s/<u>Kate Lee Mixson</u>

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[1] Late-filed Exhibit of Dr. David Hill at 2, Figure 1 (*Figure 1: Illustrative Example of Portfolio Adjustments to Increase Savings*) and FN 1,https://dms.psc.sc.gov/Attachments/Matter/f31fc068-cc3e-4e0e-a2e7-617939b72053.

Counsel for South Carolina Coastal Conservation League and Southern Alliance for Clean Energy

STATE OF SOUTH CAROLINA

BEFORE THE PUBLIC SERVICE COMMISSION

DOCKET NO. 2021-34-E

In the Matter of:	)	
	)	
Dominion Energy South Carolina,	)	
Incorporated's Annual Update on	)	**CERTIFICATE OF SERVICE**
Demand Side Management	)	
Programs and Petition to Update	)	
Rider	)	
	)	

I hereby certify that the parties listed below have been served via first class U.S. Mail or electronic mail with a copy of Southern Alliance for Clean Energy and South Carolina Coastal Conservation League comments on Dominion Energy South Carolina, Incorporated's Annual Update on Demand Side Management Programs and Petition to Update Rider.

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This 1st day of April, 2021.
S/Kate Lee Mixson